



State Board of Equalization

News Release

Vice Chair Michelle Steel

3rd District – Orange County

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Executive Director
www.boe.ca.gov

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Did You Cash in on Black Friday or Cyber Monday Deals? Save Your Receipts – You Might Owe Use Tax

Sacramento – Many California consumers are already cashing in on early Black Friday and Cyber Monday specials offered online or via smart phone applications. Michelle Steel, Third District Member of the State Board of Equalization (BOE), reminds you to save your receipts because you may owe use tax for your pre- and post-holiday shopping sprees.

“Now that certain online retailers are required to collect California sales tax, it is especially important that consumers save their receipts and invoices to see if sales or use tax was collected at the time of sale,” said Steel. “Consumers should also look for other indications that there is no use tax obligation, or that it has been taken care of, for example a notation that an item was shipped from within the state, or an invoice or statement that California tax requirements have been met.”

If consumers do not see a line item for the sales tax charged on their bills when making these purchases, they may be responsible for paying the use tax on their own, based on the [tax rate](#) for the area in which they live.

The BOE makes it simple for Californians to [pay use tax, through eReg](#), or as a line item on their state income tax forms. State law also requires the BOE and the Franchise Tax Board to provide a “use tax lookup table,” which will be available early next year, to calculate your use tax liability based on your adjusted gross income. However, Steel reminds taxpayers to be careful not to overpay their use tax if they choose to use the lookup table.

SUBTOTAL (3 ITEM):	\$69.95
SHIPPING	FREE
If you didn't pay California sales tax here then you likely owe use tax	
	\$0
GRAND TOTAL	\$69.95

“Use tax is not computed based on income, but on taxable purchases for which sales tax was not collected,” said Steel. “While all Californians have an obligation to pay use tax if they owe it, they do not have to estimate an amount that is greater than what they actually owe.”

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California law has required the payment of use tax since 1935, to prevent out-of-state retailers from having a competitive advantage over California-based vendors who were required to report sales tax beginning in 1933. BOE estimates that under-reporting of use tax costs the state more than \$1.1 billion a year. Estimates suggest that the average California family owes about \$61 in use tax each year.

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Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California's elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel's decisive leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses. To date, over \$100 million in security deposits have been returned to taxpayers.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$53.7 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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